

Grand Jury Opening Statement to City Council

GRAND JURY'S OPENING STATEMENTS TO THE SUSANVILLE CITY COUNCIL SECTION

Response Requested: Susanville City Council

Concerns about fiscal accountability and lack of detailed project reports to the public and even to the City Council by the City Administration were expressed early in the Grand Jury term. The Grand Jury requested that the Government and Finance Committees gather the information necessary to report back to the Grand Jury on the concerns expressed.

The Grand Jury interviewed numerous City officials as well as City Council members. In the course of the investigation, all were helpful and cooperative. The Government and Finance Committees also in the course of this investigation, requested numerous documents from Debra Magginette, Susanville City Clerk, whom is the official custodian of documents, and the requests were fulfilled quickly and completely. The Grand Jury appreciates the promptness of the City Clerk.

Susanville City Council is charged with oversight of all City of Susanville operations but the foremost administrative responsibility is oversight of the fiscal operations of the City government. This oversight responsibility cannot be delegated to the City Administrator or any other city office or employee. In order to enforce this responsibility the City Council must demand that the financial reports on public works projects and general government operations be made complete and timely.

Along with timely financial reporting an independent financial audit is required at the close of each fiscal year. Although the last available audit, 2001/02 (as of June 1, 2004) was presented to the City Council in August of

2002 there is not documentation that the audit was ever officially accepted by the City Council as is generally done.

Although the Grand Jury is aware that an independent financial audit for the fiscal year 2002/03 is currently in the process, the audit will be close to one year late due to the lack of accurate financial information being available to the independent auditors. This should be unacceptable to the City Council.

The City Council also has a duty, along with responsibility of fiscal oversight, to keep the citizens of Susanville informed on the financial status of their government. The citizens of Susanville are responsible for payment of services for water and natural gas so it is vital they be informed on these matters especially if fee increases are required in the future to meet debt obligations.

Only the City Council has the authority to appropriate funds for expenditures and the appropriations of funds must occur before the expenditure.

The City Council adopts a budget that outlines proposed expenditures for the fiscal year at hand. This budget can be amended from time to time if needed. This has to be done during a public meeting and with 4/5 vote of the Council.

One example of the failure of the City Council to execute their financial oversight authority is the fact that the previous City Administrator did not show the Council any complete updated reports until the new Finance Director Bob Porfiri, (appointed January 27, 2004 and on the job February 3, 2004) presented a revenue and expenditure report covering the period July 2003 to January 2004. Previous

reports, while updating revenues and expenditures for the fiscal year 2003/04 did not show accurate beginning balances of funds, as none were available until Mr. Porfiri's report.

The City Public Works projects, natural gas, water system, and City Hall remodeling will be discussed under separate sections of the Grand Jury Report. The Grand Jury report also covers other activities of City government.

ADDITIONAL INFORMATION AVAILABLE

The Grand Jury's response to concerns rose, from various sources, about City Government operations and in particular City financial matters and was greatly hampered by the fact that the last audit available to the Grand Jury was for the fiscal year 2001/02. This audit did disclose that there had occurred a \$1,300,000 cost overrun in construction of the natural gas system. The audit for fiscal year 2002/03 became available to the Grand Jury on Friday, June 25, 2004 and reveals a cost overrun of \$2,000,000. Other very very serious problems with City finances are outlined in the audit. This Grand Jury's term expires on June 30, 2004 so time does not permit a thorough study of the 2002/03 audit.

The Grand Jury urges the citizens of Susanville to become more watchful of your City Government, start attending Council meetings and ask questions about City government operations and always make sure you get answers.